

STAGENET 2006 TRANSPORT SERVICES

RFP NUMBER: 112-0502

SELECTION REPORT

Presented to the ITD Executive Steering Committee

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CHAPTER 1

INTRODUCTION AND BACKGROUND

SECTION A: RFP Background and STAGENet 2006

The State of North Dakota Information Technology Department currently supports a statewide wide area network under the name STAGENet (Statewide Technology Access for Government and Education). This network provides wide area network services and internet access for State government agencies, political sub-divisions, higher education, and K12 schools.

Current contracts are set to expire in June 2006. The State has developed a 7 – 10 year Vision for the telecommunications infrastructure that is expected to not only meet but exceed current requirements and expectations, as well as remain flexible and provide the necessary scalability required for the years to come. E-rate and outdated market pricing are two important factors driving this procurement effort and the State has taken this opportunity to expand the State's telecom capabilities to include high-speed access to the major centers in the state as well as anytime/anywhere connectivity statewide.

STAGENet 2006 is the next generation network that envisions a cost-effective and reliable infrastructure addressing such goals as a) increased bandwidth, b) low network latency, c) reliable and survivable service, d) security and privacy, and e) low-cost network access, providing the scale and flexibility to support the convergence of voice, video and data technologies as key components in optimizing statewide services.

On July 8, 2005 the Information Technology Department released the STAGENet 2006 Transport Services RFP soliciting proposals for three primary telecommunications service areas:

- a) Backbone services to connect eight to ten major node locations throughout the State of North Dakota
- b) Network Access to provide end-point connectivity to more than 500 sites statewide
- c) Internet Access serving State and local government agencies, higher education, K-12 school system.

STAGENET 2006 BACKBONE REQUIREMENTS

The STAGENet 2006 Backbone must be a technology-enabling platform allowing for growth of both current applications and the addition of sites, while providing for future service connectivity enhancements without network re-design. The State requested solutions for an 8 node, leased wavelength backbone with at least one initial 2.5 Gigabit wavelength and future growth of additional wavelengths. Managed Services solutions were allowed as alternative solutions. The requested Backbone nodes were as follows:



Bismarck, Jamestown, Fargo, Grand Forks, Devils Lake, Minot, Williston and Dickinson. Tail circuits are requested for Mayville, Valley City, Wahpeton and Bottineau.

STAGENET 2006 NETWORK ACCESS REQUIREMENTS

The RFP requested a two-tiered (urban and rural), flat-rate pricing structure allowing for unlimited usage for network access circuits. All current locations were defined in the RFP and pricing was requested for ATM and Point to Point T-1, DS3, OC3, and OC12 circuits. Also pricing was requested for Education Distance Learning Services (EDLS), which includes the necessary customer premise equipment to provide data and video connectivity to the end user.

STAGENET 2006 INTERNET ACCESS REQUIREMENTS

Internet services are currently provided by two independent and fully provisioned OC-12 circuits in Bismarck and Fargo dedicated for State use only and directly connected to a tier one Internet Service Provider (ISP). The RFP requested a minimum of 2 independently diverse OC-12 circuits, with guaranteed bandwidth through provider network, fully provisioned for the State and not configured as shared Internet links between the State and the tier one network.

It is the State's desire that local loops between the State and the provider be customer provided facilities. In addition, the State desires co-location services including rack, power, air-conditioning, cable entrance facility, access, cross-connects, and any other requirement that is necessary for the state to operate and interconnect the backbone at the provider's POP. Pricing was requested for access through multiple OC12 circuits at Bismarck and Fargo, and through an OC48 circuit in both cities.

SECTION B: Evaluation Committee Members

An Evaluation Committee was created to review the proposals and score them. Participants met throughout the week of August 22nd, to discuss the proposals and arrive at consensus regarding the strengths and weaknesses of the proposals and to make recommendations to the CIO about how to proceed.

1. State Participants: The following individuals comprised the voting members of the evaluation committee:

Tim DeGraff, Network Operations Manager, ITD
John Grosen, Director, Infrastructure Services, North Dakota State University
Bonnie Jundt, Network Services Manager, University of North Dakota
Glen Rutherford, Network Architect, ITD
John Sheldon, IT Business Consultant, ITD



Dirk Huggett, (non-voting) Project Manager, ITD. Assisted and served as state facilitator.

2. Federal Engineering Participants (non-voting):

Tony Herbert
James Anderson
Mary Goosens



SECTION C: Schedule of Events

The RFP proceeded under the following schedule:

- RFP Issued: **8 July 2005**
- Letters of Interest: **15 July 2005**
- Bidder's Conference: **22 July 2005**
- Deadline for receipt of questions and objections related to the RFP: **25 July 2005**
- Deadline for answers to questions and objections related to RFP: **3 August 2005**
- Proposals to RFP due: **19 August 2005**
- Oral Presentations **25-26 August 2005** (if necessary)
- Proposal Evaluation Committee evaluation completed by approximately: **1 September 2005**
- State issues Notice of Intent to Award a Contract approximately: **2 September 2005**
- State issues contract approximately: **21 October 2005**
- Contract start date: **21 October 2005**
- Service start date: **30 June 2006**



CHAPTER 2

EVALUATION PROCESS AND CRITERIA

Section Five of the RFP contained the following evaluation criteria and contractor selection information, which explained how the proposals would be scored. The total number of points used to score this contract is 100, broken down in the following manner for each service category requested in the RFP: Backbone Services, Network Access Services, and Internet Access Services.

Information Technology Solution	40 points
Product Support and Customer Service	10 points
Experience, Qualifications, and Financial Strength	10 points
Contract Cost	40 points
Total Points Possible	100 points

Appendix A contains a detailed description of the evaluation criteria as contained in the RFP.



CHAPTER 3

OVERVIEW OF PROPOSALS

Dakota Carrier Network (DCN) was the only respondent to the Backbone and Network Access Services portion of the RFP. Consequently, a clarification meeting was held on Monday August 22 to review the DCN proposal and ask for clarification regarding the Backbone and Network Access Services that DCN proposed. On August 25 an Alternate Procurement Form was executed by ITD and submitted to Procurement Division of OMB for approval to proceed to direct negotiations with DCN on Backbone and Network Access Services.

DCN responded to the base proposal for Backbone Services, and offered an Alternative Backbone Service. Both solutions can meet various aspects of the state's needs, and each need to be further researched with DCN through direct negotiations.

Three responses were received for the Internet Services sections of the RFP; DCN, Qwest, and Sprint.

The following sections briefly discuss DCN's Backbone and Network Access proposals, and review the Internet responses to the RFP.

SECTION A: BACKBONE PROPOSALS

DCN responded to the base backbone requirements of the RFP and provided an alternative proposal. DCN recommends the Alternate Proposal over the Base Proposal.

DCN's Base Proposal:

Backbone Network:

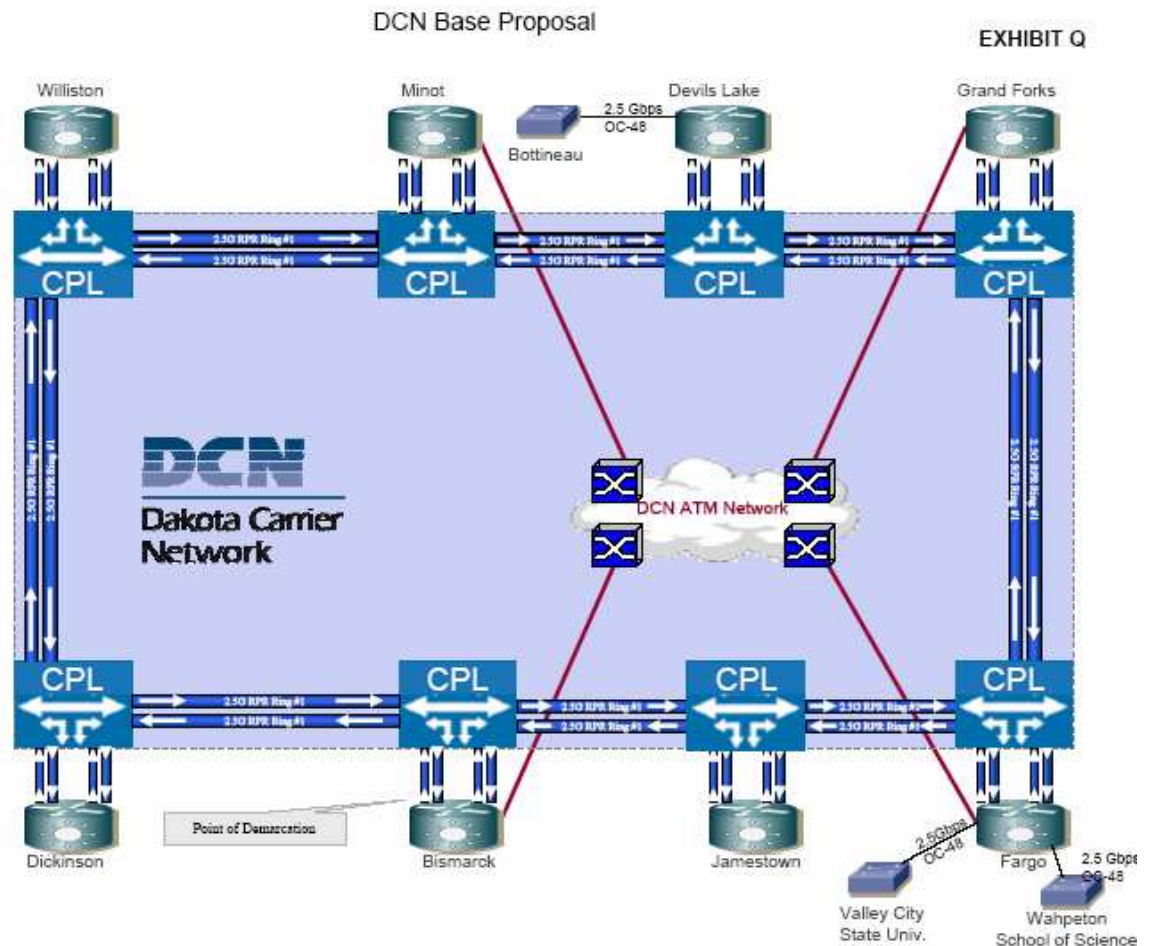
The required STAGEnet basic network solution is comprised of a 2.5Gbps OC-48 fiber optic connection interfaced with the DCN ATM backbone network. The Basic Service would be connected using a Dense Wave Division Multiplexing (DWDM) infrastructure which will be routed on two fiber optic rings that are fully redundant and diversely routed. DCN is offering a 2.5Gbps OC-48 segments for the core of the STAGEnet network. DCN's next generation DWDM infrastructure will be utilized to create a dedicated fiber optic infrastructure for the state network.

Extensions off the backbone nodes are made using 2.5 Gbps circuits. Dual paths are necessary to retain the redundancy criteria. Each segment has been priced as a 2.5 Gbps OC-48 connection. All backbone segments are capable of growing up to 10 Gbps as required.



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The following map depicts DCN's base backbone proposal:



DCN's base proposal also took exception to the RFP in the following areas:

- The criteria that no two segments of the network may share the same fiber path cannot be met with for all segments listed in the Backbone Pricing Matrix. (The intended design would have been an either link selection rather than both for some cross sections which is why they voiced this concern.)
- Grand Forks. Equipment space is not available at the DCN POP location.
- Devils Lake. Equipment space is not available at the DCN POP location.
- Dickinson. Equipment space is not available at the DCN POP location.

The existing DCN NOC is located at 1615 Capitol Way in Bismarck, ND. It will be used to monitor and maintain the transport portion of the STAGEnet network.

Tail Circuits

DCN is proposing 2.5 Gbps OC-48 connections from the STAGEnet backbone nodes to the proposed locations when available. Dark fiber and/or wavelength services are not

available at these locations. These circuits are on a linear basis on fiber optic facilities. Wavelength services are not available at all Tail Circuit locations. Circuits that are excluded from the proposal are: 1. Fargo – Mayville; 2. Grand Forks -- Mayville; 3. Minot – Bottineau and 4. Jamestown – Valley City. Pricing for the proposed circuits assumes a single 2.5 Gbps circuit. Selected locations may initially be served more economically with a 155 Mbps circuit and upgraded as warranted by the usage. The cost of these segments was higher than the State could afford.

The DCN's base proposal provides the basic solution being requested by the state in that it hands off a 2.5 Gigabit wavelength signal for the state to then manage and provision. However, the pricing of the proposal significantly exceeds the state's ability to afford this service. This is the preferred design and it may be possible to negotiate this price down during contract negotiations.

DCN's Alternative Proposal:

DCN proposed a Managed Ethernet Service for the backbone of the STAGEnet network as an alternative to the base proposal. DCN's next generation DWDM/MSPP infrastructure would be utilized to create a dedicated Resilient Packet Ring (RPR) for the state network. The RPR network combines the ring features of SONET with the flexibility of Ethernet to provide high reliability and versatility in a scalable service.

Pricing for this service is based on a per port charge and is not a function of the bandwidth that must be provided on the DCN RPR Backbone network.

It would be feasible to create separate RPR networks for different applications. For example, Higher Education, K-12 Schools, State Government, etc. The segmentation of applications would ensure security and privacy for the various groups and agencies, and provides a scalable design. Primary state locations such as Bismarck and Fargo could have greater capacity while secondary nodes may be equipped for a single port.

Backbone Network

The Backbone transport network is provided as Managed Ethernet Services. The new DCN infrastructure is designed using a Nortel DWDM system initially capable of growing to 72 wavelengths. Integrated into the DWDM system is MSPP equipment that allows DCN to carry the current SONET and ATM systems as well as establish Ethernet or RPR networks.

The DCN Alternate Solution provides a port connection to the DCN Ethernet network at each selected STAGEnet node. This scalable connection can grow to four 1 Gbps ports while having full access to the RPR rings capable of handling up to 10 Gbps. Pricing has been provided in 1 Gbps increments. The cost of two 1Gbps circuits is higher than the cost of one 2.5 Gbps wavelength.



DCN's proposal references the following benefits to the Alternative Plan over the Base Plan:

1. Lower capital expenditure required for the State at initial start up of the backbone network. This is true on if a single 1 Gbps Ethernet connection is required.
2. Up to four 1 Gbps ports will be available at a lower Cap-Ex for the State at each proposed backbone node location. However, the overall cost of equipping two 1 Gbps Ethernet ports is higher than the cost of one 2.5 Gbps wavelength solution.
3. DCN would own, manage and maintain all of the transport equipment at the backbone nodes. This would eliminate maintenance costs such as maintaining spares and travel time, as well as the cost of Technical Support contracts.

SECTION B: NETWORK ACCESS PROPOSALS

DCN was the only respondent to the Network Access portion of the RFP. DCN is the current provider of access services, and has met the requirements of the RFP. DCN provided a pricing structure that represents an approximate 15% increase in access circuit fees for the state. Network access is provided either through DCN's ATM network, or through point-to-point circuits. The following is a brief description of DCN's ATM Backbone Network.

DCN's ATM Backbone Network

DCN has established a cell switching network by placing ATM switches to serve the LEC owners and other customers with data switching and Internet transport services. ATM switches are in place at Bismarck, Fargo, Grand Forks and Minot.

Virtual ATM POP's are designated at Devils Lake, Dickinson, Jamestown, Valley City and Williston. The Backbone network serves as the connection to the Edge Switch devices that are placed in the locations having fewer circuit requirements.

At the heart of the Backbone are Core Switches located in Bismarck, Fargo and Grand Forks and have OC-3 connections to the other two Core Switches. Each of the remaining Edge Switches at these locations is connected to Core Switches via dual OC3 connections. The Edge Switch located at Minot is connected via dual DS3s. Other Edge switches will be placed at Devils Lake, Dickinson, Jamestown and Williston when warranted.

The DCN ATM network was installed beginning in mid 2000. The ATM network serves the businesses and communities throughout North Dakota as well as the North Dakota State Network requirement. This shared network creates a larger homogeneous network with the ability to guarantee service levels and reliability.



The following map depicts DCN's ATM network:

DCN ATM Network Plus LEC Edge Switches

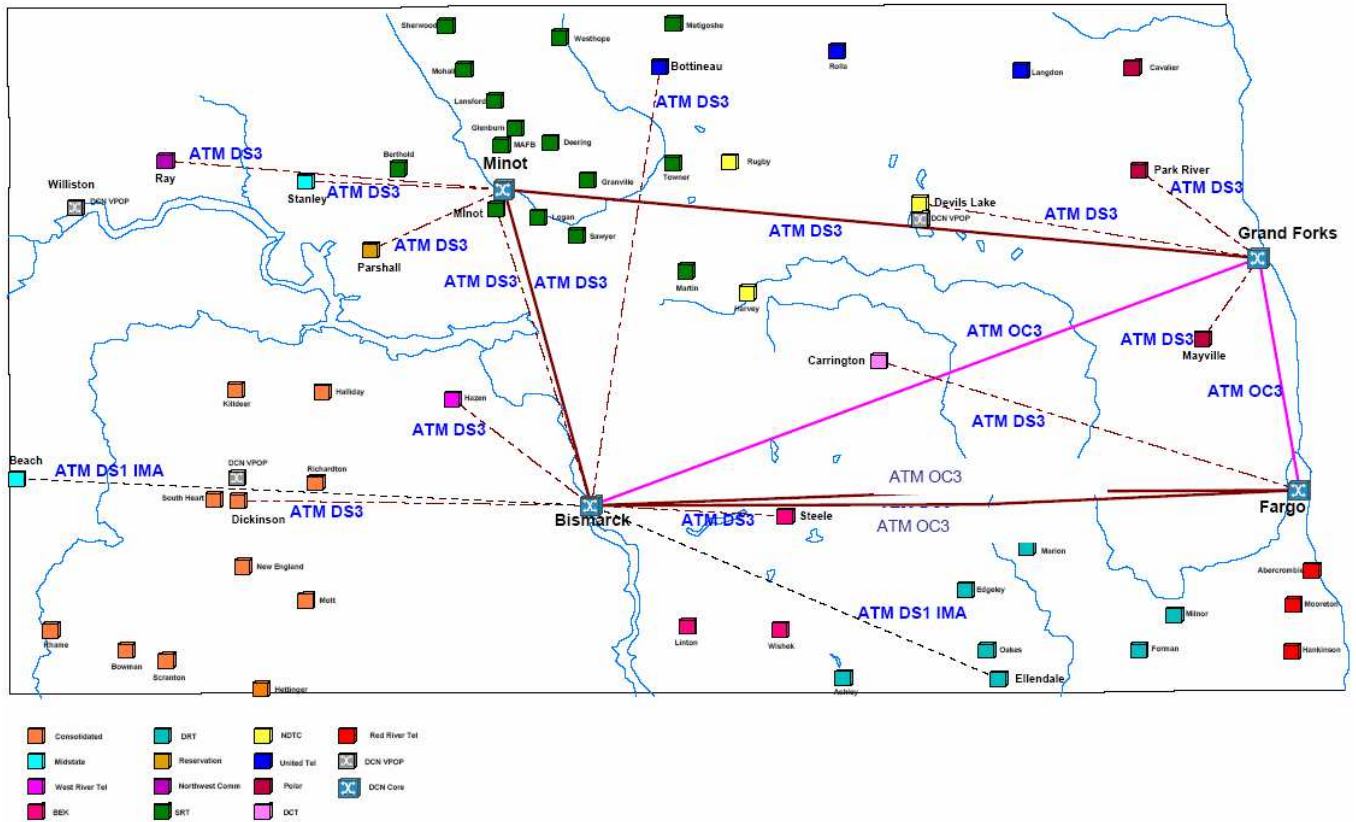


EXHIBIT C

SECTION C: INTERNET ACCESS PROPOSALS

There were three respondents to the Internet Services section of the RFP: Sprint, Qwest, and DCN. DCN provided minimal information regarding their Internet service. Qwest and Sprint provided comprehensive responses for Internet services.

Chapter 4 provides a detailed assessment by the committee of the proposals for each company. As the assessment shows, both Qwest and Sprint provide viable Internet access services through their responses. However, further information is needed to be able to completely assess their services, particularly regarding how each firm routes its access circuits and provides for route diversity. Sprint offers co-location services, which is important to the state, and Qwest does not. Furthermore, both companies need to elaborate on how their overall network topology is configured.

Consequently the committee recommended that further information be requested from Qwest and Sprint through a Best and Final Offer process. The Best and Final Offer in Appendix B was developed and released on August 25 to Qwest and Sprint to gain clarification regarding their proposals.

The following table provides a high level comparison of both proposals, and the discussions that follow provide a brief overview of each proposal.

	QWEST	SPRINT
Dedicated Access Circuits	Further Data Needed	Currently Provided
Route Diversity	Further Data Needed	Currently Provided
Co-location of Services	Not offered	Offered
Network Utilization Data	Good	Further Data Needed
Support	Very Good	Very Good
Company Qualifications	Good	Very Good
Pricing	Good	Good

QWEST:

Qwest has offered to connect 2 OC12 circuits, one in Bismarck and one in Fargo, to interconnect to their nationwide network which consists of an OC192 meshed network. Currently, Qwest has dual OC3 circuits in Bismarck – one to Minneapolis and one to Omaha. In Fargo, Qwest has two OC12 circuits on diverse paths to Minneapolis. Both of the Internet POPs in North Dakota are owned by Qwest. If Qwest is chosen as the State's ISP, Qwest would upgrade the infrastructure in North Dakota to provide the following:



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- Bismarck: Qwest would utilize leased fiber from 360 Networks to upgrade the Bismarck to Minneapolis link to an OC48. The redundant link (Bismarck to Omaha) would remain OC3.
- Fargo: Qwest would upgrade the existing OC12 circuits to OC48 circuits.

Qwest is a national and global communications providing advance telecommunications services. Qwest has a fully meshed, coast-to-coast OC-192 backbone along with OC-48 backbone connectivity.

Qwest's design goal for the backbone is 100 percent packet delivery. There are over 400 Access POPs on Qwest's network, and the network spans North America and Asia-Pac utilizing Trans-Pacific undersea cable. Qwest is the local service provider in 14 western states, and is also a nationwide long distance provider with advanced network capabilities and hosting facilities.

Qwest has been involved in IPv6 development for several years, including operation of a native IPv6 test network. However, there is not yet a timeline for deployment of IPv6 as a fully supported service on the Qwest backbone. Qwest fully supports BGP.

Qwest provided references to include Harvard University, the University of Texas, Microelectronics Corp of North Carolina, MOREnet, and Architecture and Technologies, Internet2.

Qwest did not provide any co-location services, stating FCC regulations as a barrier.

Qwest provided a detailed migration plan for consideration.

Qwest's proposal meets many of the requirements of the RFP. However, several questions need to be clarified regarding the proposal:

- Further information regarding whether the access circuits are dedicated for state use only.
- Further date regarding the network's overall topology.
- Further data regarding where access circuits terminate on the network.
- Further data regarding route diversity of access circuits.
- More details regarding co-location opportunities.
- More details relating to BGP/BGP4 routing protocol and Internet2 capabilities.

SPRINT:

Sprint has offered redundant, diverse OC 12 connections at Bismarck and Fargo connecting to its national network. Sprint is a Tier-1 Internet service provider (ISP) and will transport the connections via SONET, over the Sprint optical backbone network.

Sprint is a global integrated communications provider serving more than 26 million customers in over 100 countries. The company is based in Reston, VA. On August 15,



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2005, Sprint merged with Nextel Communications to become the fifth largest communications company in the world.

Sprint had 60,000 employees worldwide and over \$26 billion in annual revenues in 2003. Sprint is the incumbent local exchange carrier within 18 states and claims to operate the largest 100-percent digital, nationwide PCS wireless network in the United States.

Sprint maintains an overlay IPv6 (sprintv6.net) backbone on top of the SprintLink IPv4 (sprint.net) network. Sprint was one of the pioneers in IPv6 development.

Sprint provided references for similar services indicating they are providing Internet services for Illinois and Wisconsin.

Sprint has offered co-location services.

Sprint is the current provider of Internet Access Service to the State of North Dakota. Current services are working well, and the proposal meets many of the requirements of the RFP. However, several questions need to be clarified regarding the proposal:

- Further information regarding whether the access circuits are dedicated for state use only.
- Further data regarding the network's overall topology.
- More details regarding peering points and Network Access Points.
- More details regarding network diversity, bandwidth guarantees, hop counts and utilization of the network.
- More details regarding co-location opportunities.
- More details relating to BGP/BGP4 routing protocol and Internet2 capabilities.

DCN:

DCN provided the following minimal proposal for Internet Services:

The DCN Internet Access provides for connections to Tier 1 locations at Bismarck and Fargo. Each connection could be routed on diversely routed fiber optic cable to the Tier 1 location. Included as part of the pricing is the local transport connection from the DCN building site to the Tier 1 POP. Fiber paths currently provide the connections to the Sprint POP in Bismarck and Fargo.

Because of the lack of detail in its proposal, the high cost of its proposal, and the fact that DCN is not a Tier One provider, the committee recommends that DCN not be provided the opportunity to respond to the Best and Final Offer.



CHAPTER 4

SCORING OF INTERNET PROPOSALS

The Evaluation Committee met during the week of August 22nd and jointly reviewed the Internet Access proposals, discussed member's reactions to the proposals, and came to consensus on the points to be allocated to each proposal, in each scoring category. Each sub-category was reviewed for each proposal and was assigned one of the following qualitative factors based upon the consensus of the committee:

- None. Not addressed or response of no value
- Fair. Limited applicability
- Good. Some applicability
- Very Good. Substantial applicability
- Excellent. Total applicability

Based upon these assignments, the committee then chose the score that they felt best represented the completeness and applicability of the proposal for each scoring category, as described in the Evaluation Criteria section of the RFP.



1. Information Technology Solution – Internet Access Services - 40 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest	Proposal #3 DCN
(a) Functionality	Good	Very Good	Fair
(b) Compatibility/Standards	Very Good	Very Good	None
(c) Migration Plan	Excellent	Very Good	None
(d) Value Added Functionality	None	None	None
Total Information Technology Solution	25	27	5

Comments:

Proposal #1: **a)** Vendor has functionality as it is current provider, however its response was lacking in detail. Vendor provided co-location pricing, but little details. **b)** As the current provider, they already meet our standards and interface with existing technologies. **c)** As current provider, there would be no risk or cost in migration. **d)** Vendor did not specify any value added services.

Proposal #2: **a)** Response was more complete but there are still some questions on details. Proposal is unclear on route diversity and sharing of access services. No co-location details provided. **b)** Do not have production IP6 but does have more I2 details. **c)** Well laid out and provided key points including a timeline. **d)** Vendor did not specify any value added services.

Proposal #3: The vendor provided a very limited response to this section of the RFP.



2. Product Support and Customer Service – Internet Access Services - 10 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest	Proposal #3 DCN
(a) Trouble Reporting Processes	Very Good	Very Good	Very Good
(b) Network Operations Requirements	Very Good	Very Good	Very Good
(c) Technical Support Services	Very Good	Very Good	Fair
(d) Value of Service Levels	Very Good	Very Good	None
(e) Account Representation	Good	Good	Very Good
(f) Customer Inquiry Plan	Very Good	Very Good	Very Good
(g) Value Added Support	None	None	None
Total Product Support and Customer Service	7	7	5

Comments:

Proposal #1: e) Representative is out of state.

Proposal #2: e) Representative has limited technical knowledge.

Proposal #3: c) The proposal did not define Internet technical support services very well. d) No service levels provided. e) Representative is locally based, has good tech knowledge & sales capabilities. Representative is closer to final decision maker and has direct access to technical staff.



3. Experience, Qualifications, and Financial Strength – Internet Access Services - 10 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest	Proposal #3 DCN
(a) Education and Experience of Personnel	Good	Good	Good
(b) Similar Successful Projects	Very Good	Very Good	Very Good
(c) References Received	NA	NA	NA
(d) Subcontractor Evaluation	NA	NA	Fair
(e) Financial Stability of Firm	Good	Fair	None
Total Experience, Qualifications, and Financial Strength	8	5	3

Comments:

Committee decided to wait until after initial review to call references.

Proposal #1: d) No subcontractors proposed.

Proposal #2: d) No subcontractors proposed. **e)** Recent financial issues and losses cited in financial statements.

Proposal #3: d) Provided resume only for one subcontractor and did not clarify relationship between DCN & Sprint. **e)** Did not provide any financial information.



4. Cost of Proposal – Internet Access Services - 40 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest	Proposal #3 DCN
(a) Points based upon cost	30	40	0

Comments: For comparison purposes, the costs quoted for an OC12 circuit in Bismarck and Fargo was used.

Proposal #1: Includes monthly co-location fees of \$100 to Sprint, and \$700 for metro fiber connections, plus quoted monthly Internet fees.

Proposal #2: Includes monthly quoted local access fees of \$2,215, plus quoted monthly Internet fees.

Proposal #3: Includes quoted monthly Internet fees.

Qwest received 40 points as the lowest responder with a monthly cost of \$39,262.

Note: Qwest provided an alternative “burstable pricing” method to compute pricing for the services. Alternative pricing methods were not requested in the RFP, and consequently were not reviewed by the committee.

Sprint received 30 points through the following computation:

Sprint Cost minus Qwest Cost divided by Qwest Cost = relative percentage. If within 5% to 10 % of the lowest bid, then 30 points are awarded.

$$\$41,700 - \$39,262 = \$2,438 / \$39,262 = 6.2\% = 30 \text{ points.}$$

DCN received 0 point through the following computation:

DCN Cost minus Qwest Cost divided by Qwest Cost = relative percentage. If greater than 40% of the lowest bid, then 0 points are awarded.

$$\$59,300 - \$39,262 = \$20,038 / \$39,262 = 51\% = 0 \text{ points.}$$



5. Total Points Awarded – Internet Access Services – 100 Points Possible

Category	Proposal #1 Sprint	Proposal #2 Qwest	Proposal #3 DCN
Information Technology Solution (40)	25	27	5
Product Support and Customer Service (10)	7	7	5
Experience, Qualifications, and Financial Strength (10)	8	5	3
Contract Cost (40)	30	40	0
Total Points Awarded (100)	70	79	13



CHAPTER 5

DETAILED COST BREAKDOWN BY PROPOSAL

The following table describes the prices quoted in the Internet Access responses:

Company	1 Bismarck and 1 Fargo Port Charge	2 Bismarck and 1 Fargo Port Charges	2 Bismarck and 2 Fargo Port Charges	OC 48 Port Charge
Qwest	\$34,832	\$52,248	\$69,664	ICB
Sprint	\$40,100	\$60,150	\$80,200	\$54,000
DCN	\$59,304	\$88,956	\$118,608	ICB

To determine costs to be utilized for scoring purposes, local access costs were added to the quoted costs, to determine the actual projected costs to the state for each service. For comparison purposes, the costs quoted for an OC12 circuit in Bismarck and Fargo was used.

The following table describes the prices including the local access, which were used to determine points awarded in the cost category.

Company	1 Bismarck and 1 Fargo Port Charge	2 Bismarck and 1 Fargo Port Charges	2 Bismarck and 2 Fargo Port Charges	OC 48 Port Charge
Qwest	\$39,262	\$58,893	\$78,524	ICB
Sprint	\$41,700	\$62,550	\$83,400	\$54,800
DCN	\$59,304	\$88,956	\$118,608	ICB

Qwest: Quoted local access fees of \$2,215.00 per OC12.

Sprint: Quoted co-location fees of \$100 to Sprint, and \$700 for metro fiber connections (ITD's current cost).

DCN: No additional fee since ITD is co-located with DCN.

CHAPTER 6

INTERNET BEST AND FINAL OFFER EVALUATIONS

In response to the Best and Final Offer (BFO) released on August 25 (see Appendix B), best and final offers were received by Sprint and Qwest on September 2. The following section provides the committee's assessment of the company's answer for each question provided in the BFO. Following this section, and based upon the new information gained in each BFO, coupled with the original response from the companies, the committee provides new scoring tables reflecting its opinion of the proposals.

Specific BFO Questions with comments:

1. Are the proposed OC12s access circuits dedicated circuits for use only by the state? At what point on your network do they become shared?

Sprint: Excellent. Both circuits are dedicated to the state until they reach their termination points onto Sprint's network in Cheyenne and Chicago.

Qwest: Good. The Bismarck circuit is dedicated to Minneapolis, but the Fargo circuit connects to Qwest's network in Fargo, therefore sharing the circuit with other Qwest traffic.

2. Where does the Bismarck circuit terminate on your backbone? Is it a direct path between the two end points, or are there intermediate nodes?

Sprint: Excellent. Terminates in Cheyenne and is a direct path.

Qwest: Excellent. Terminates in Minneapolis and is a direct path.

3. Where does the Fargo circuit terminate on your backbone? Is it a direct path between the two end points, or are there intermediate nodes?

Sprint: Excellent. Terminates in Chicago and is a direct path.

Qwest: Fair. Terminates in Fargo, sharing traffic between Fargo and Minneapolis.

4. Provide a high level topology diagram including the physical diversity for the Bismarck and Fargo circuits, with fail over capabilities between the diverse routes.

Sprint: Excellent. Both routes have fail over capabilities on diverse routes.

Qwest: Fair. For the Bismarck location, there would be a single route to Minneapolis – this would not be a redundant link. The Fargo location would have



redundant routes to Minneapolis. Because both terminate through Minneapolis this provides for substantially less fail over capabilities in the event of problems in, or in route to, Minneapolis.

5. In the original RFP we asked you to describe your backbone network topology including peering points to Network Access Points (NAPs), Metropolitan Area Exchanges (MAEs), and any major ISP network connections with other tier one backbones with bandwidth specifications and network connection types. Please elaborate on this request by describing your backbone network topology including capacity at your peering points with other Tier 1 providers.

Sprint: Very Good. Provided a very good overview of its peering arrangements.

Qwest: Very Good. Provided a very good overview of its peering arrangements

6. Describe your support for BGP/BGP4 routing protocol.

Sprint: Very Good. Provided a very good overview of its BGP routing capabilities.

Qwest: Very Good. Provided a very good overview of its BGP routing capabilities

7. Can we access Internet2 through the connections proposed? Please explain.

Sprint: Very Good. Provided a thorough discussion about how to interconnect to IPv6 Internet2 customers.

Qwest: Good. The current design can't accommodate this, but Qwest indicated a willingness to consider design changes at the state's request

8. Provide details of your service level agreements.

Sprint: Very Good. Provided detailed descriptions of its service level commitments, which included metrics and algorithms that are built into its agreements.

Qwest: Very Good. Provided detailed descriptions of its service level commitments.

9. Provide further information regarding route diversity, contracted bandwidth guarantees and hop counts through the ISP network, current utilization including average and peak utilization, downtime, number and duration of outages data.

Sprint: Very Good. Provided detailed information regarding these areas.



Qwest: Very Good. Provided detailed information regarding these areas.

10. Explain the benefits to the State of North Dakota of public versus private peering within your network.

Sprint: Very Good. Provided a detailed description as to its policies relating to public versus private peering arrangements.

Qwest: Very Good. Provided a detailed description as to its policies relating to public versus private peering arrangements.

11. It is very important to the state that its private metro fiber networks in Bismarck and Fargo be able to collocate in your POPs. Please provide all pricing, technical, and procedural information about collocation capabilities in your facilities for the following design:

1. Fiber access only
2. Equipment and fiber access
 - a. 36 inches of rack space
 - b. 20 amps of 120 volt AC power
 - c. Other fees

Sprint: Very Good. Provided for co-location pricing and details.

Qwest: Fair. Indicated that they could allow co-location for the state, and that if awarded a contract would work on providing any specifications or pricing required.

12. Please provide Best & Final Pricing.

Sprint: Improved pricing was provided:

- 15% decrease for OC12 pricing
- 15% decrease for OC48 pricing

Qwest: Same pricing as the original bid was provided.

Note: Qwest provided an alternative “burstable pricing” method to compute pricing for the services. Alternative pricing methods were not requested in the RFP, and consequently were not reviewed by the committee.

13. Do you offer a most favored nation clause (if lower rates are offered to similar customers, with North Dakota receive similar reductions in pricing?)

Sprint: Very Good. Indicated it could agree to a competitive rate clause and provided specifics about how such a clause would work.



Qwest: Good. Indicated it could agree to a competitive rate clause.

BFO Scoring Tables

The following tables reflects the committee's assessment of the offeror's proposals as reflected in the BFO coupled with the information contained in the original bid responses.

1. Information Technology Solution – Internet Access Services - 40 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest
(a) Functionality	Excellent	Very Good
(b) Compatibility/Standards	Excellent	Excellent
(c) Migration Plan	Excellent	Very Good
(d) Value Added Functionality	None	None
Total Information Technology Solution	36	30

Comments:

Proposal #1:

a) Functionality:

- Has functionality as it is current provider, and provided details regarding circuit routing.
- Provides for redundancy in routes and dedicated circuits connecting into its POPs in diverse communities.
- Provided co-location pricing and details.
- Provided a very good overview of its peering arrangements.
- Provided a very good overview of its BGP routing capabilities.
- Provided a thorough discussion about how to interconnect to IPv6 Internet2 customers.
- Provided detailed descriptions of its service level commitments, which included metrics and algorithms that are built into its agreements.
- Provided detailed information regarding route diversity, bandwidth guarantees, and network utilization.
- Provided a detailed description as to its policies relating to public versus private peering arrangements.

b) Meets state standards and will interface with existing technologies.

c) As current provider, there would be no risk or cost in migration.



d) Vendor did not specify any value added services.

Proposal #2:

a) Functionality:

- Indicated that not all routes are redundant.
- Indicated that the Fargo circuit is shared with other Qwest traffic beginning in Fargo.
- Indicated that the circuits terminate in the same community, providing comparatively little fail over response capability.
- Indicated a willingness to consider co-location but provided no details.
- Provided a very good overview of its peering arrangements.
- Provided a very good overview of its BGP routing capabilities.
- Current design can't accommodate I2 traffic, but indicated a willingness to consider design changes at the state's request.
- Provided detailed descriptions of its service level commitments.
- Provided detailed information regarding route diversity, bandwidth guarantees, and network utilization.
- Provided a detailed description as to its policies relating to public versus private peering arrangements.

b) Meets state standards and will interface with existing technologies.

c) Well laid out migration plan and provided key points including a timeline.

d) Vendor did not specify any value added services.



2. Product Support and Customer Service – Internet Access Services - 10 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest
(a) Trouble Reporting Processes	Very Good	Very Good
(b) Network Operations Requirements	Very Good	Very Good
(c) Technical Support Services	Very Good	Very Good
(d) Value of Service Levels	Very Good	Very Good
(e) Account Representation	Good	Good
(f) Customer Inquiry Plan	Very Good	Very Good
(g) Value Added Support	None	None
Total Product Support and Customer Service	7	7

Comments:

Proposal #1: e) Representative is out of state.

Proposal #2: e) Representative has limited technical knowledge.



3. Experience, Qualifications, and Financial Strength – Internet Access Services - 10 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest
(a) Education and Experience of Personnel	Good	Good
(b) Similar Successful Projects	Very Good	Very Good
(c) References Received	NA	NA
(d) Subcontractor Evaluation	NA	NA
(e) Financial Stability of Firm	Good	Fair
Total Experience, Qualifications, and Financial Strength	8	5

Comments:

Committee decided to wait until after initial review to call references.

Proposal #1: d) No subcontractors proposed.

Proposal #2: d) No subcontractors proposed. **e)** Recent financial issues and losses cited in financial statements.



4. Cost of Proposal – Internet Access Services - 40 Points Possible

Question	Proposal #1 Sprint	Proposal #2 Qwest
(a) Points based upon cost	40	36

Sprint improved its pricing in the Best and Final Offer:

- 15% decrease for OC12 pricing
- 15% decrease for OC48 pricing

Comments: For comparison purposes, the costs quoted for an OC12 circuit in Bismarck and Fargo was used.

Proposal #1: Includes monthly co-location fees of \$100 to Sprint, and \$700 for metro fiber connections, plus quoted monthly Internet fees.

Proposal #2: Includes monthly quoted local access fees of \$2,215, plus quoted monthly Internet fees.

Sprint received 40 points as the lowest responder with a monthly cost of \$35,600 for two OC 12 connections.

Qwest received 36 points as the second lowest responder with a monthly cost of \$39,262.

$$\$35,600/\$39,262 = 90.57\% * 40 = 36$$

Note: Qwest provided an alternative “burstable pricing” method to compute pricing for the services. Alternative pricing methods were not requested in the RFP, and consequently were not reviewed by the committee.



5. Total Points Awarded – Internet Access Services – 100 Points Possible

Category	Proposal #1 Sprint	Proposal #2 Qwest
Information Technology Solution (40)	36	30
Product Support and Customer Service (10)	7	7
Experience, Qualifications, and Financial Strength (10)	8	5
Contract Cost (40)	40	36
Total Points Awarded (100)	91	78



CHAPTER 7

DETAILED COST BREAKDOWN OF BEST AND FINAL OFFER PROPOSALS

The following table describes the prices quoted in the Internet Access responses:

Company	1 Bismarck and 1 Fargo Port Charge	2 Bismarck and 1 Fargo Port Charges	2 Bismarck and 2 Fargo Port Charges	OC 48 Port Charge
Qwest	\$34,832	\$52,248	\$69,664	ICB
Sprint	\$34,000	\$51,000	\$68,000	\$46,000

To determine costs to be utilized for scoring purposes, local access costs were added to the quoted costs, to determine the actual projected costs to the state for each service. For comparison purposes, the costs quoted for an OC12 circuit in Bismarck and Fargo was used.

The following table describes the prices including the local access, which were used to determine points awarded in the cost category.

Company	1 Bismarck and 1 Fargo Port Charge	2 Bismarck and 1 Fargo Port Charges	2 Bismarck and 2 Fargo Port Charges	OC 48 Port Charge
Qwest	\$39,262	\$58,893	\$78,524	ICB
Sprint	\$35,600	\$53,400	\$71,200	\$46,800

Qwest: Quoted local access fees of \$2,215.00 per OC12.

Sprint: Quoted co-location fees of \$100 to Sprint, and \$700 for metro fiber connections (ITD's current cost).

CHAPTER 8

SUMMARY AND RECOMMENDATIONS

Backbone Services:

Due to the fact that DCN was the only respondent to the RFP for backbone services, the committee recommends that ITD begin negotiations directly with DCN at it earliest opportunity to determine the best possible solution to meet the state's needs.

DCN's base and alternate proposals need to be assessed to determine the best complement of services. DCN's alternate proposal may provide a viable solution for the state if pricing 2 one gigabit access circuits could be provided for costs that approximate DCN's proposed cost of one access circuit. However, DCN's base proposal, with improved pricing alternatives, should be pursued to determine if DCN can meet the initial intent of the RFP.

Network Access Services:

Due to the fact that DCN was the only respondent to the RFP for backbone services, the committee recommends that ITD negotiate directly with DCN for the best possible solution to meet the state's needs.

Internet Services:

Due to the fact that both Sprint and Qwest proposal needed clarification in several areas, the committee recommended that a Best and Final Offer Request be submitted to both Sprint and Qwest. The committee developed the Best and Final Offer contained in Appendix B, which was released to both companies on August 25.

Because DCN scored so low in their Internet Services response, the committee recommended that DCN not be provided the Best and Final Offer Request.

The evaluation of the best and Final Offers is found in Chapter 6. As a result of this evaluation the committee recommends that a letter of intent be issued to Sprint, and to begin contract negotiations with Sprint for a new Internet Services contract. It is important to note that substantial improvements in cost are going to be recognized by ITD for Internet Services over current costs.



APPENDIX A – Detailed Evaluation Criteria

5.01

Information Technology Solution

Forty Percent (40%) of the total possible evaluation points will be assigned to this criterion.

Weight **40 Percent**. Maximum Point Value for this Section

100 Points x **40 Percent** = **40 Points**

Rating Scale (40 POINT Maximum)	
Point Value	Explanation
0	None. Not addressed or response of no value
1-10	Fair. Limited applicability
11-20	Good. Some applicability
21-30	Very Good. Substantial applicability
31-40	Excellent. Total applicability

Proposals will be evaluated against the questions set out below.

[a] How well does the proposed product and/or services meet the functional requirements? Has the Offeror proposed services that align with the requirements and demonstrate a good understanding of the scope required for this project?

[b] Is the proposed product and/or service compatible with the State's technology standards, and/or will it interface with existing technology if required?

[c] Evaluate the Offeror's response to the IT professional services requirements. What is the impact of the Offeror's migration plan to the State? How well developed is the migration plan?

[d] Has the Offeror proposed any value-added functionality, products, services, or upgrades as part of the proposal that demonstrate added value?

5.02

Product Support and Customer Service

Ten (10%) of the total possible evaluation points will be assigned to this criterion.

Weight **10 Percent**. Maximum Point Value for this Section

100 Points x **10 Percent** = **10 Points**

Rating Scale (10 POINT Maximum)	
Point	



Transport RFP Selection Report

Value	Explanation
0	None. Not addressed or response of no value
1-2	Fair. Limited applicability
3-5	Good. Some applicability
6-8	Very Good. Substantial applicability
9-10	Excellent. Total applicability

Proposals will be evaluated against the questions set out below.

[a] How well has the Offeror described their processes for trouble reporting and requesting additional services? How well do the process meet the States needs?

[b] How well has the Offeror met the Network Operations requirements?

[c] Evaluation of the technical support services included and other technical support options?

[d] What is the value of the proposed service levels?

[d] Evaluate the Offeror's proposed account representation in support of this contract?

[e] How well has the Offeror identified its plan for handling customer inquiries and response time to inquiries?

[f] Has the Offeror proposed any value-added support services, as part of the proposal that demonstrate added value?

5.03

Experience, Qualifications, and Financial Strength

Ten Percent (10%) of the total possible points will be assigned to this criterion.

Weight **10 Percent**. Maximum Point Value for this Section

100 Points x **10 Percent** = **10 Points**

Rating Scale (10 POINT Maximum)	
Point Value	Explanation
0	None. Not addressed or response of no value
1-2	Fair. Limited applicability
3-5	Good. Some applicability
6-8	Very Good. Substantial applicability
9-10	Excellent. Total applicability



Transport RFP Selection Report

Proposals will be evaluated against the questions set out below.

[a] How extensive is the applicable education and experience of the personnel designated to work on the project?

[b] Has the firm demonstrated experience in completing similar projects on time and within budget?

[c] Did the required references provide information to verify the satisfactory performance of the vendor?

[d] How well do any subcontractors measure up to the evaluation used for the Offeror?

[e] Does the firm appear to be financially stable?

5.04

Contract Cost

The initial RFP contained the following cost evaluation criteria:

Forty Percent (40%) of the total possible evaluation points will be assigned to cost.

Weight **40 Percent**. Maximum Point Value for this Section

100 Points x **40 Percent = 40 Points**

Converting Cost to Points

After applying any reciprocal preference, the lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined as follows:

Lowest Cost Proposal	40 Points
Within 5% of Lowest Cost Proposal	35 Points
Within 10% of Lowest Cost Proposal	30 Points
Within 15% of Lowest Cost Proposal	25 Points
Within 20% of Lowest Cost Proposal	20 Points
Within 25% of Lowest Cost Proposal	15 Points
Within 30% of Lowest Cost Proposal	10 Points
Within 35% of Lowest Cost Proposal	5 Points
40% or more over Lowest Cost Proposal	0 Points



Transport RFP Selection Report

Any prompt payment discounts terms proposed by the Offeror will not be considered in evaluating cost. The cost amount used for evaluation may be affected by the application of North Dakota preference laws (N.D.C.C. § 44-08-01). The lowest cost proposal will receive the maximum number of points allocated to cost.

Due to the fact that there was no competition on the full complement of services requested in the RFP, the following cost evaluation criteria was required in the Internet Services Best and Final Offer:

Contract Cost

Forty Percent (40%) of the total possible evaluation points will be assigned to cost.

Converting Cost to Points:

The lowest cost proposal will receive the maximum number of points. The point allocations for cost on the other proposals will be determined as follows:

Price of Lowest Cost Proposal

Price of Proposal Being Rated X Total Points for Cost Available = Awarded Points



APPENDIX B – Internet Best and Final Offer

**STATE OF NORTH DAKOTA
Information Technology Department
600 E. Boulevard Avenue
Bismarck, ND 58505**

REQUEST FOR BEST AND FINAL OFFER

SOLICITATION NUMBER AND TITLE: STAGENET Transport # 112-0502

OPENING DATE AND TIME: August 19, 2005

DATE BEST AND FINAL OFFERS REQUESTED: August 25, 2005

DEADLINE FOR RECEIPT OF BEST AND FINAL OFFERS: September 2, 2005, 10 a.m. CST

Your firm submitted a proposal in response to the above referenced Request for Proposal (RFP) issued by the **Information Technology Department**.

The evaluation committee conducted a preliminary evaluation of proposals, and discussions were held with Offerors determined to be reasonably susceptible of being selected for award for the purpose of clarifying the project requirements. The purchasing agency is requesting that Offerors revise their proposals based upon these discussions and submit a Best and Final Offer.

Best and Final Offers must be received via email by the Procurement Officer as noted below. Offerors must fax a letter confirming the submission of the Best and Final Offer with the signature of the individual submitting the Best and Final Offer.

PROCUREMENT OFFICER: Brandy Peterson
PHONE: 701-328-1002
FAX: 701-328-3000
TTY Users call: 1-800-366-6888
E-MAIL: blpeterson@state.nd.us

Clarifying Questions

The following are questions that the State is requesting clarification on:

14. Are the proposed OC12s access circuits dedicated circuits for use only by the state? At what point on you network do they become shared?
15. Where does the Bismarck circuit terminate on your backbone? Is it a direct path between the two end points, or are there intermediate nodes?



Transport RFP Selection Report

16. Where does the Fargo circuit terminate on your backbone? Is it a direct path between the two end points, or are there intermediate nodes?
17. Provide a high level topology diagram including the physical diversity for the Bismarck and Fargo circuits, with fail over capabilities between the diverse routes.
18. In the original RFP we asked you to describe your backbone network topology including peering points to Network Access Points (NAPs), Metropolitan Area Exchanges (MAEs), and any major ISP network connections with other tier one backbones with bandwidth specifications and network connection types. Please elaborate on this request by describing your backbone network topology including capacity at your peering points with other Tier 1 providers.
19. Describe your support for BGP/BGP4 routing protocol.
20. Can we access Internet2 through the connections proposed? Please explain.
21. Provide details of your service level agreements.
22. Provide further information regarding route diversity, contracted bandwidth guarantees and hop counts through the ISP network, current utilization including average and peak utilization, downtime, number and duration of outages data.
23. Explain the benefits to the State of North Dakota of public versus private peering within your network.
24. It is very important to the state that its private metro fiber networks in Bismarck and Fargo be able to collocate in your POPs. Please provide all pricing, technical, and procedural information about collocation capabilities in your facilities for the following design:
 1. Fiber access only
 2. Equipment and fiber access
 - a. 36 inches of rack space
 - b. 20 amps of 120 volt AC power
 - c. Other fees
25. Please provide Best & Final Pricing.
26. Do you offer a most favored nation clause (if lower rates are offered to similar customers, with North Dakota receive similar reductions in pricing?)

Best and Final Offerors will be evaluated as follows:

The Information Technology Solution (40%), the Product Support and Customer Service (10%), and the Experience, Qualifications, and Financial Strength (10%) portions of the best and finals will be scored using the evaluation criteria as described in Section 5 of the original bid. The pricing provided in the best and final will be evaluated using the following:



Contract Cost

Forty Percent (40%) of the total possible evaluation points will be assigned to cost.

Converting Cost to Points:

The lowest cost proposal will receive the maximum number of points. The point allocations for cost on the other proposals will be determined as follows:

Price of Lowest Cost Proposal

Price of Proposal Being Rated X Total Points for Cost Available = Awarded Points

All other cost terms and conditions will remain the same.

The State reserves the right to conduct additional discussions after submission of best and final offers. If Offerors do not submit a Best of Final Offer, their previous proposal will be considered their Best and Final Offer.

Please direct any questions regarding this Request for Best and Final Offers in writing to the undersigned Procurement Officer.

Sincerely,

Brandy Peterson

Procurement Officer

PHONE: 701-328-1002

FAX: 701-328-3000

E-MAIL: blpeterson@state.nd.us

